Economic Development and Finance Committee
Standing Committee Meeting Agenda
Monday, October 1, 2018
5:15 PM

Location:
Municipal Office Building
701 N 7th Street
Kansas City, Kansas 66101
5th Floor Conference Room (Suite 515)

Name	Absent
Commissioner Tom Burroughs, Chair	☐
Commissioner Brian McKiernan	☐
Commissioner Gayle E. Townsend	☐
Commissioner Ann Brandau-Murguia	☐
Commissioner James Walters	☐
Jeff Bryant, BPU Member	☐

I. **Call to Order/Roll Call**

II. **Revisions to October 1, 2018 Agenda**

III. **Approval of standing committee minutes from August 20, 2018.**

IV. **Committee Agenda**

Item No. 1 - PRESENTATION OF THE METROPOLITAN AVENUE REDEVELOPMENT PROJECT PLAN

Synopsis: Presentation on the Metropolitan Avenue Redevelopment Project Plan, submitted by Jon Stephens, Director of Economic Development.

For information only.

Tracking #: 18434

V. **Public Agenda**

VI. **Adjourn**

ECONOMIC DEVELOPMENT AND FINANCE
STANDING COMMITTEE MINUTES
Monday, August 20, 2018

The meeting of the Economic Development and Finance Standing Committee was held on Monday, August 20, 2018, at 5:27 p.m., in the 5th Floor Conference Room of the Municipal Office Building. The following members were present: Commissioner Burroughs, Chairman; Commissioners Townsend and Murguia (via conference call), McKiernan and Jeff Bryant, BPU Board Member. Commissioner Walters was absent. The following officials were also in attendance: Doug Bach, County Administrator; Gordon Criswell and Joe Connor, Assistant County Administrators; Patrick Waters, Senior Attorney; Chris Slaughter, Land Bank Manager; Debbie Jonscher, Deputy Chief Financial Officer; Rick Mikesic, Director of Revenue/Treasury; Andrea Parra, Deputy Treasurer; Jon Stephens, Economic Development Director; Katherine Carttar, Urban Development Manager; and Jay Doleshal, Sergeant-At-Arms.

Chairman Burroughs called the meeting to order. Roll call was taken and members were present as shown above.

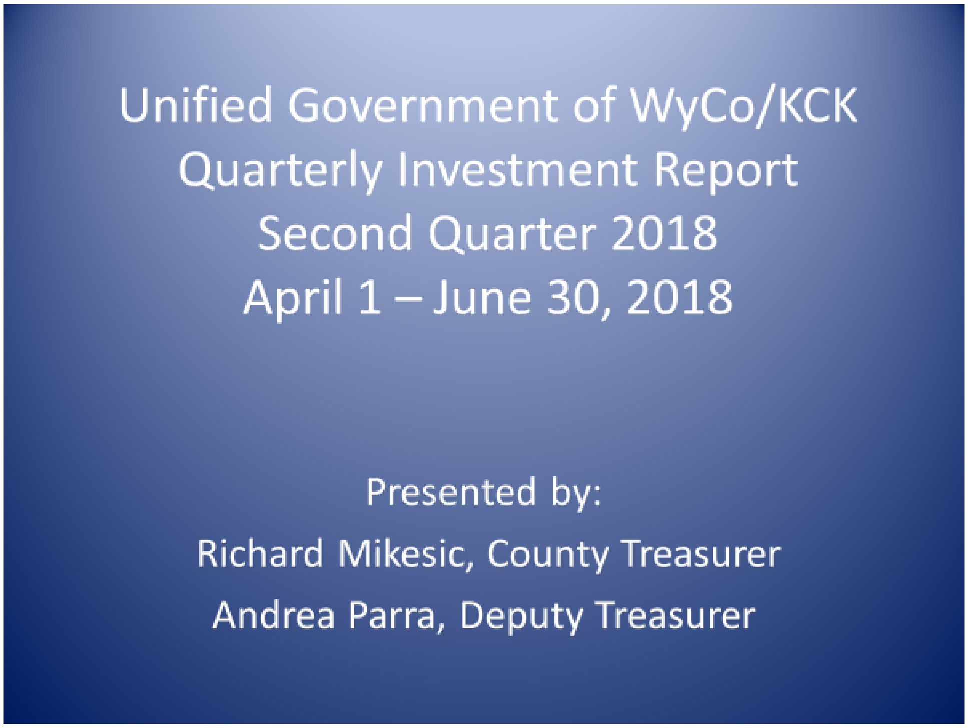
Approval of standing committee minutes from June 4, 2018. **On motion of Commissioner McKiernan, seconded by BPU Board Member Bryant, the minutes were approved.** Motion carried unanimously.

Committee Agenda:

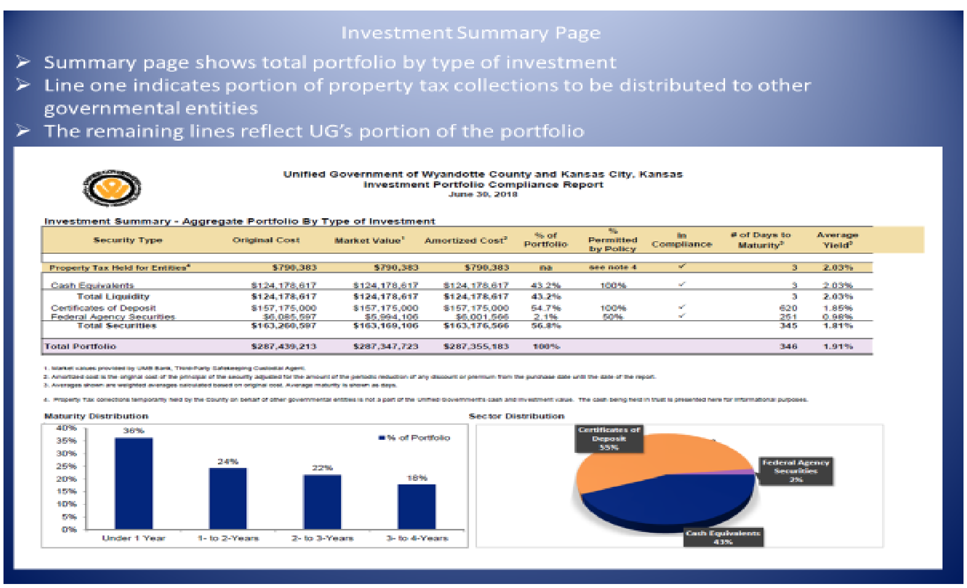
Item No. 1 – 18356… REPORT: SECOND QUARTER 2018 INVESTMENTS

Synopsis: Summary of investments for Second Quarter 2018, submitted by Kathleen VonAchen, Chief Financial Officer; and Andrea Parra, Deputy Treasurer, Motor Vehicle Department.

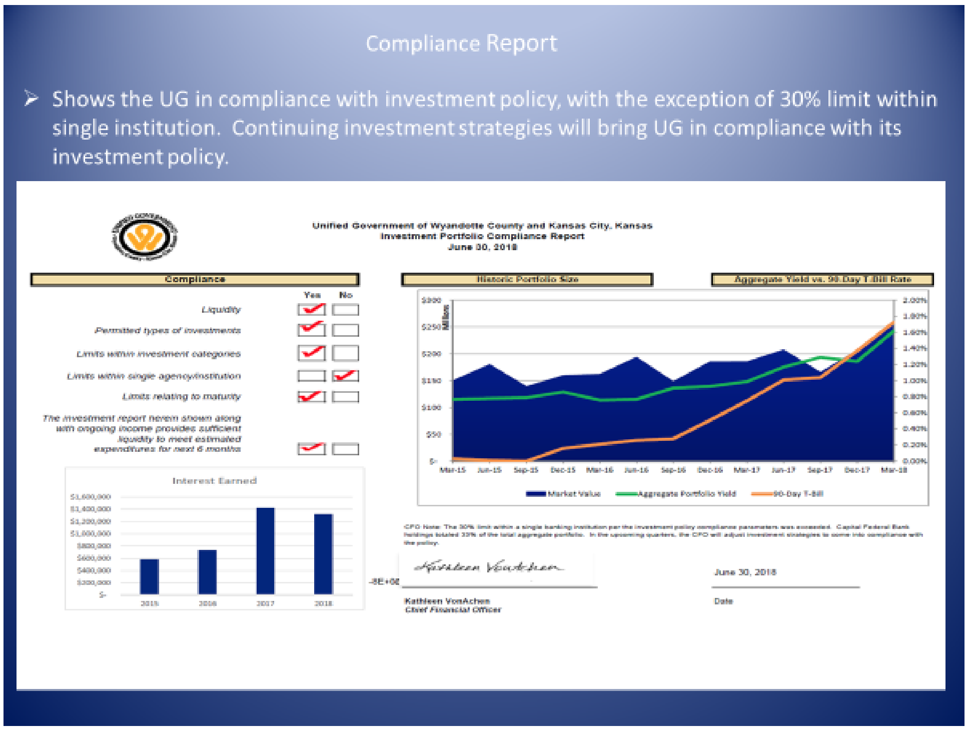
Debbie Jonscher, Deputy Chief Financial Officer, said we're going to present the Second Quarter Investment Report. I'm going to turn it over to our County Treasurer Rick Mikesic. **Rick Mikesic, Director of Revenue/Treasury,** said you all are probably used to seeing Lisa Nolan do the presentation of this report. Lisa retired recently, and now doing the duties of the Cash Manager is Andrea Parra. She is also the Deputy Treasurer in the Treasury. I will turn it over to her and let her do the presentation.



Andrea Parra, Deputy Treasurer, said I just want to start by going to our next slide here.

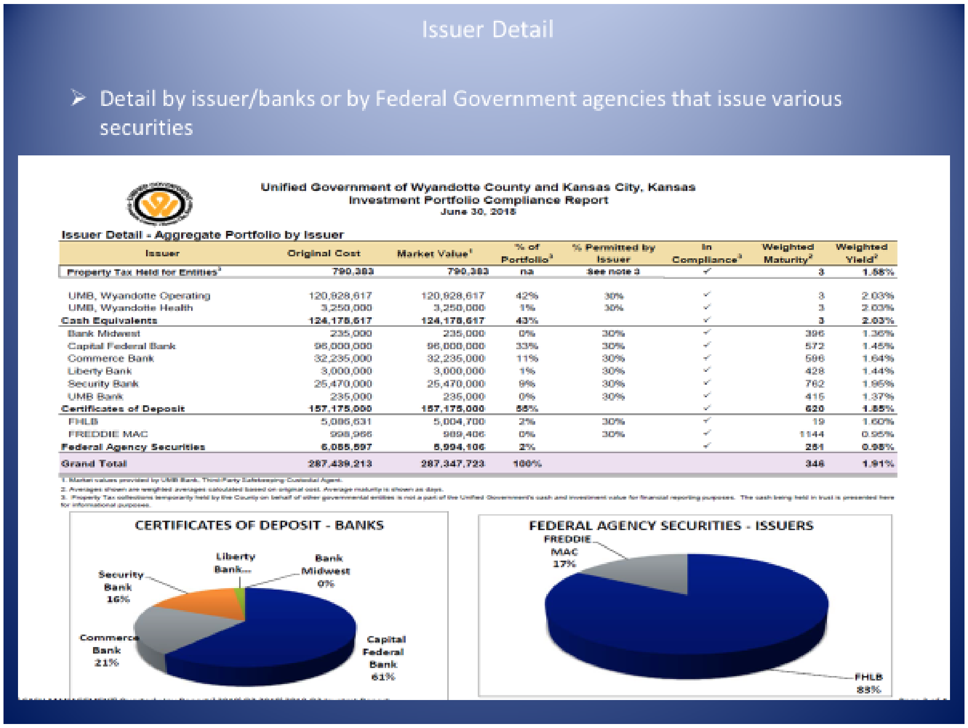


We have four slides total. The first one is going to be our investment summary page. It's going to dictate our total portfolio by investment. Our total portfolio for Quarter 2 is going to be $287,355,183. Our average yield at this time is 1.91%, which has increased. Quarter 1 would have been 1.62%; and prior Quarter 2017 would have actually been 1.24%, so we are increasing our average yield. Of our total portfolio, you will see about 43% of that is cash and we go to about 54% certificate of deposit or CDs and just about 2% in securities.



Our next slide is going to be our compliance report. It shows the UG is in compliance with its investment policy except for the 30% limit to a single institution. As of second quarter, we actually still have Capital Federal holding a little over 33% of that total. First quarter was 31% so it did increase a little bit.

Continuing investment strategies will bring our organization in compliance with the investment policy. You want to keep in mind the percentages by a single institution will fluctuate as investments mature and we continue to invest more.



Issuer	Original Cost	Market Value[1]	% of Portfolio[3]	% Permitted by Issuer	In Compliance[3]	Weighted Maturity[2]	Weighted Yield[2]
Property Tax Held for Entities[3]	790,383	790,383	na	See note 3	✓	3	1.58%
UMB, Wyandotte Operating	120,928,617	120,928,617	42%	30%	✓	3	2.03%
UMB, Wyandotte Health	3,250,000	3,250,000	1%	30%	✓	3	2.03%
Cash Equivalents	**124,178,617**	**124,178,617**	**43%**		✓	**3**	**2.03%**
Bank Midwest	235,000	235,000	0%	30%	✓	396	1.36%
Capital Federal Bank	96,000,000	96,000,000	33%	30%	✓	572	1.45%
Commerce Bank	32,235,000	32,235,000	11%	30%	✓	596	1.64%
Liberty Bank	3,000,000	3,000,000	1%	30%	✓	428	1.44%
Security Bank	25,470,000	25,470,000	9%	30%	✓	762	1.95%
UMB Bank	235,000	235,000	0%	30%	✓	415	1.37%
Certificates of Deposit	**157,175,000**	**157,175,000**	**55%**		✓	**620**	**1.85%**
FHLB	5,086,631	5,004,700	2%	30%	✓	19	1.60%
FREDDIE MAC	998,966	989,406	0%	30%	✓	1144	0.95%
Federal Agency Securities	**6,085,597**	**5,994,106**	**2%**		✓	**251**	**0.98%**
Grand Total	**287,439,213**	**287,347,723**	**100%**			**346**	**1.91%**

1. Market values provided by UMB Bank. Third-Party Safekeeping Custodial Agent.
2. Averages shown are weighted averages calculated based on original cost. Average maturity is shown as days.
3. Property Tax collections temporarily held by the County on behalf of other governmental entities is not a part of the Unified Government's cash and investment value for financial reporting purposes. The cash being held in trust is presented here for informational purposes.

The next slide is our issuer detail slide. This page provides more detail on the investment portfolio to show the breakdown on the different types of investments that we hold. We have agencies, investments, and in addition to that, percentage of the portfolio for each institution or agency being held.

Transactions Detail

- List of Transactions during second quarter 2018

Unified Government of Wyandotte County and Kansas City, Kansas
Investment Portfolio Compliance Report
2nd Quarter 2018 - April 1, 2018 - June 30, 2018

Quarterly Transactions Detail - Aggregate Portfolio

Settlement Date	CUSIP	Issuer	Coupon	Maturity Date	Par	Original Cost
Thru Q2	NA	UMB, Wyandotte Operating	1.575%	7/5/2018	25,871,935	25,871,935
Thru Q2	NA	UMB, Wyandotte Health Reserve	1.575%	7/5/2018	768,000	768,000
Cash Equivalents					**26,639,935**	**26,639,935**
5/7/2018	22564282060	UMB	2.000%	5/7/2019	235,000	235,000
5/8/2018	343009163	Commerce Bank	1.850%	5/8/2019	235,000	235,000
5/8/2018	1150011398	Security Bank	2.170%	5/8/2019	235,000	235,000
5/11/2018	70167423	Capitol Federal	2.060%	11/13/2018	5,000,000	5,000,000
5/11/2018	700167422	Capitol Federal	2.310%	5/13/2019	5,000,000	5,000,000
5/11/2018	70167421	Capitol Federal	2.550%	11/12/2019	5,000,000	5,000,000
5/11/2018	70167420	Capitol Federal	2.800%	11/11/2021	4,000,000	4,000,000
5/11/2018	343009166	Commerce Bank	2.520%	5/11/2022	4,000,000	4,000,000
Purchases					**23,705,000**	**23,705,000**
5/9/2014	343007029	Commerce Bank	1.300%	5/4/2018	(8,000,000)	(8,000,000)
6/10/2015	343007453	Commerce Bank	1.285%	6/11/2018	(8,000,000)	(8,000,000)
5/17/2017	3130ABGN0	FHLB (thru UMB)	1.125%	5/22/2018	(3,000,000)	(2,998,377)
5/25/2017	70155740	Capitol Federal	1.320%	5/29/2018	(2,000,000)	(2,000,000)
6/11/2018	343007453	Commerce Bank	1.285%	6/11/2018	(8,000,000)	(8,000,000)
Calls/Maturities					**(29,000,000)**	**(28,998,377)**
Total					**21,344,935**	**21,346,558**

Our last slide is going to be our transaction detail page. It's going to be the list of all the transactions that happened during our second quarter. We did have a total of new investments equaling about $23M, and we had five investments mature of about $29M. Four were CDs. We also had a fifth one which was the Federal Home Loan Bank investment that matured as well.

Chairman Burroughs said the institution has more than a 30%. What actions are we taking to get us back into compliance with our policies? **Ms. Parra** said I know before this week, we actually sat down and looked through all the investment opportunities that we have up and coming. We're going to make a better ladder of staggering when they're due and going out for bid for a lot more to just the main banks but also local emphasis and increasing that opportunity for all the banks we can bid to. **Chairman Burroughs** asked do we have a timeframe in place for that that we will see that back in compliance. **Ms. Parra** said we want to start moving this process by the end of the month, this starting to go out for bid. **Chairman Burroughs** said thank you very much.

Action: For information only.

Item No. 2 – 18351…RESOLUTION: MANAGEMENT AGREEMENT FOR DOWNTOWN GROCERY STORE

Synopsis: A resolution authorizing the approval of a Management Agreement with Community Mercantile, Inc. (The Merc) for a downtown grocery store (5th & Minnesota Avenue), submitted by Jon Stephens, Economic Development Director.

Process

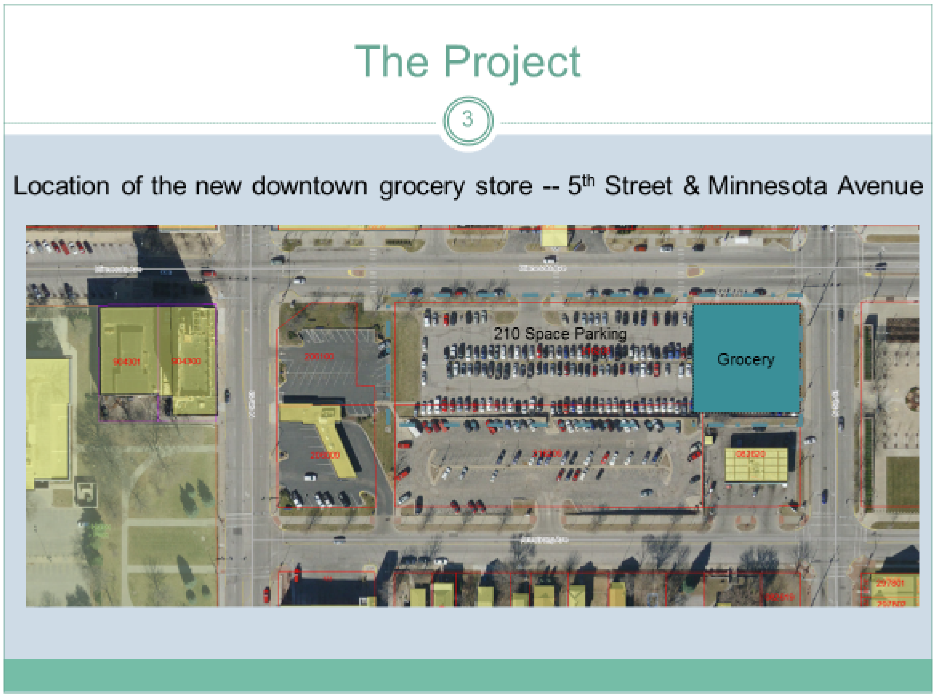
2

Economic Development & Finance / Commission

- **Tonight's Actions:** (3 Resolutions for Advancement to full Commission on August 30th)
  - *Resolution No. 1*: Authorize the execution of the Management Agreement with MERC
  - *Resolution No. 2*: Authorize CAO to expend up to $6 million for planning, design and construction of a downtown grocery facility
  - *Resolution No. 3*: Set the public hearing date to establish the Downtown Grocery TIF District
- Public Process Update:
  - Planning Commission (Sept 10)
- Internal Process Update:
  - Architect begin work
    - Engineering, traffic et al
  - RFP: General Contractor
  - Public Works, BPU

Jon Stephens, Economic Development Director, said with me co-presenting tonight is Katherine Carttar, our Urban Development Manager in the Department of Economic Development. July 9th we were before this committee for informational purposes concerning the downtown grocery project. Now we're here to discuss formally advancing this project. Tonight's action is to consider advancing three resolutions. One is to authorize the execution of the management agreement, which has been signed by the Merc and is waiting countersignature if approved by the Unified Government. Resolution two is to authorize the County Administrator to expend up to $6M for planning, design, construction and opening and operation of a downtown grocery facility. Resolution number three is to set the public hearing date to establish a downtown grocery TIF District.

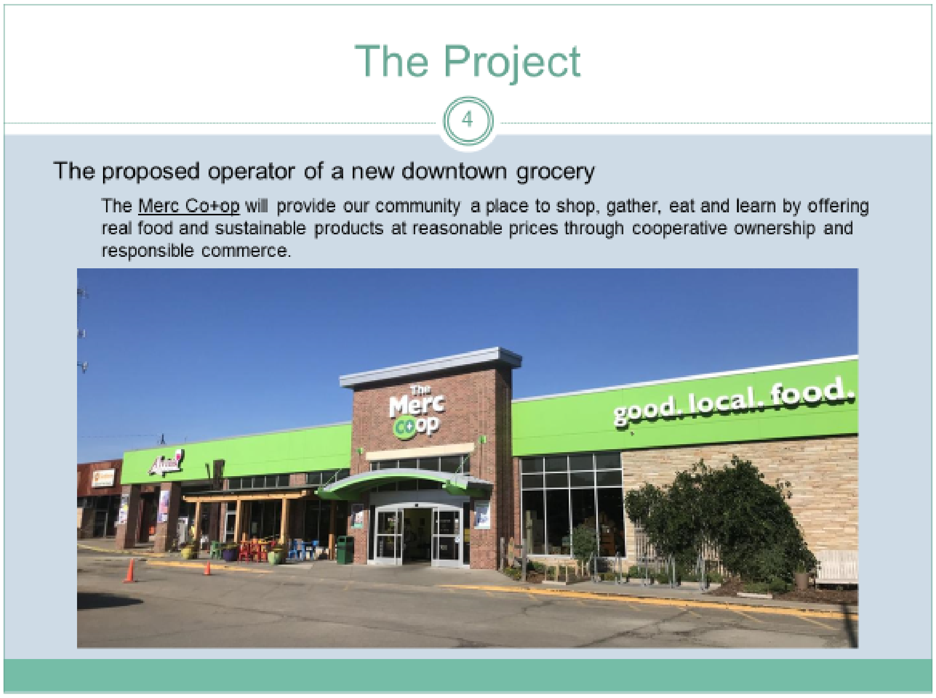
The public process as that goes forward, those three resolutions, if advanced tonight, would move to the August 30th Commission meeting. The Planning Commission would meet to consider the project area on September 10th and if approved, on August 30th, we are prepared by September 1 to begin with architectural engineering, site planning and all of the components of that as well as release a request for proposal for a selection of a general contractor. We've already begun preliminary discussions with Public Works and BPU. Additionally, we have done some initial site internal community development site planning various advanced pieces of that related to this site.



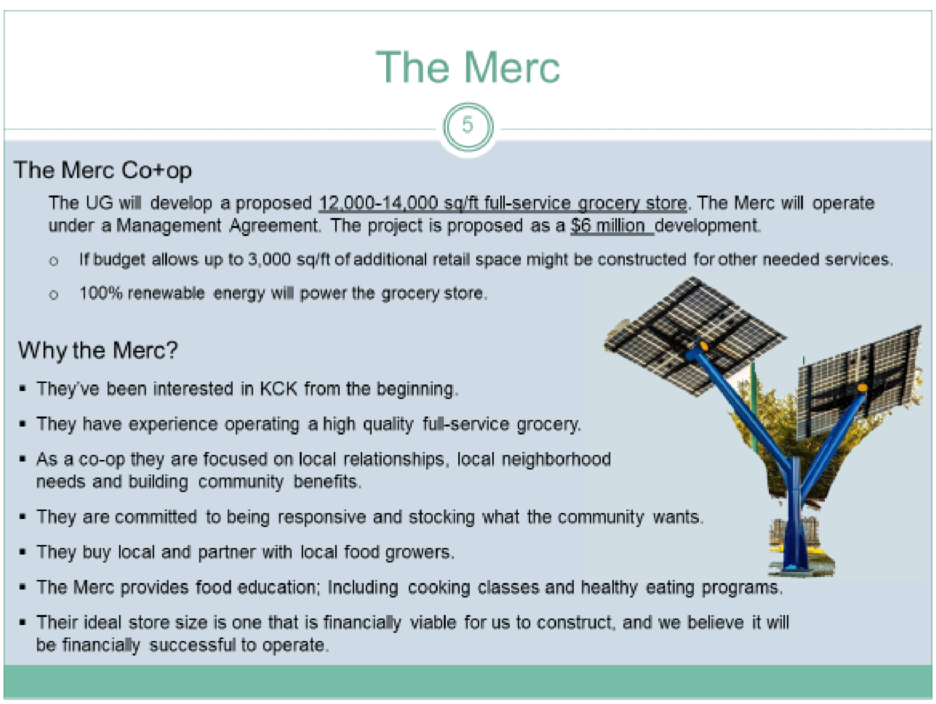
The site, as previously proposed, is what is commonly referred to as the Reardon lot. It's a Unified Government–owned parcel at the northeast corner of 5th & Minnesota. It's on the major transit routes. It's a key entry point into our downtown community. It's easily accessible north, south and east and west to our neighborhoods. We are generally siting it at that corner in an urban design principle building. It is also across from the KU Hospital's Strawberry Hill Campus, that I think we're all very proud of. I'm happy to say that our KU Hospital representatives are here in the audience along with our WYEDC partners and others representing the neighborhood. We would move that forward at this site.

We would utilize the recently refinished and resurfaced public parking that is already in existence. I would just editorialize briefly and say we have also done some preliminary work with Public Works related to all four of the streets and eventually redoing on-street parking which conservatively it looks like it would add 75 – 100 new spaces along that block if we were to move forward with some restriping and a little bit of more public on-street parking improvements along with multimodal parking improvements.

To talk a little bit about the Merc and the project, I'd like to turn it over to Katherine Carttar.



Katherine Carttar, Urban Development Manager, said so after a lengthy process, we have come to the conclusion that the Mercantile Cooperative is the best option to move forward with a downtown grocery store here in KCK.

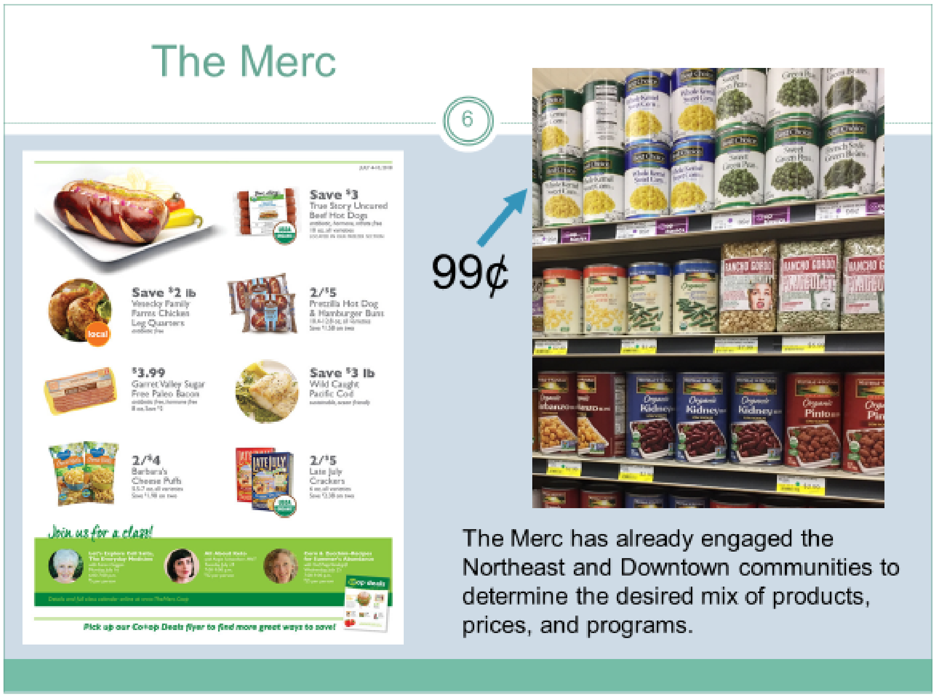


Basically, how this is going to work, and Jon will get more into the financial details in a second, but overall, the UG is going to build and own a 12,000 to 14,000 square foot, full–service grocery store. We will work with the Merc. One of the resolutions tonight is to formally sign the management agreement so the Merc will actually operate so we're not operating a grocery store; we're merely owning a grocery store. As well as the $6M is what we're estimating as a cap for everything from design, construction, everything that will take to build the grocery store. We are hoping, and as we kind of move forward through the process, to see kind of exactly what the budget will allow. We'd like to have 2,000 – 3,000 square feet of additional retail space that we could rent out to small retailers that could just bring more foot traffic downtown.

Additionally, we have had some conversations with BPU and they have committed to have all energy coming to this building come from 100% renewable resources, which is a really exciting way to kind of make this kind of a new standard in terms of city buildings. Here is a picture there of a solar tree which is something that we've kind of—an idea that we have in terms of having some kind of sculpture that's also very functional in terms of adding to the renewable energy.

Some ask why the Merc. One thing is that they have been interested in opening a store in KCK for a very long time. We like that they wanted to come here and take that seriously. The fact that they are able to provide a full-service grocery store in this coop manner means that they can really focus on local which is really important to us. They've already started conversations with local growers. I know in their Lawrence store, they have over 1,100—**Mr. Stephens** said 172 at last count at last count, locally sourced products. **Ms. Carttar** said different locally sourced products so they really take that seriously and we really appreciate that. Additionally, they are very responsive to what the community wants. They have already started meeting with the community to see what the right mix of products will be, products and prices for their store.

Additionally, they provide food education. This is more than a full-service grocery store. This is a place where you have hypertension okay, well, take a class and you can find out what are the types of foods that you should maybe be eating, maybe different ways to cook them, make them a little more interesting. They really provide a whole spectrum of other programs. They work with the schools and start community gardens, so it really is having more than a grocery store. It's really another partner in the downtown area.



One concern that we've heard since the Merc was announced is that oh, well it's—the Lawrence store is really expensive. I don't know if that really fits downtown. I wanted to kind of drive one's attention to—this is actually a picture I took when we were down there for a meeting a couple of weeks ago. The Merc is a member of AWG, the Associated Wholesale Grocers, so they really are able to get as many different products at many different price points. Even in their Lawrence store, you have the beans that are organic, and I don't know how very fancily, for $2.99 a can or you get your Best Choice, same kind of stuff that you get at Price Chopper, for $.99 a can. This is one of the things that they are already working on. We've had one very well attended listening session at the library a few weeks ago. They're already starting meeting with other groups in the northeast in Strawberry Hill and it's going to just be a continual process until they open, hopefully, in the next year to find that perfect mix of products, prices and the programs that they'll offer.

Mr. Stephens said as we move on to the financials, I also think this probably bears adding to that. As part of the management agreement with the Merc, they've committed to operating a full-service grocery store with full meat, deli, bakery as well as a café coffee shop, bakery and lunch service facilities for downtown workers. I think most importantly for the community, for accessibility for food and something that actually serves the community as a grocery store, they've committed to operate the minimum hours of 8 a.m. to 8 p.m. seven days a week. That is, I think, a very important piece of why the Merc is such a valuable partner and why they care about the community.

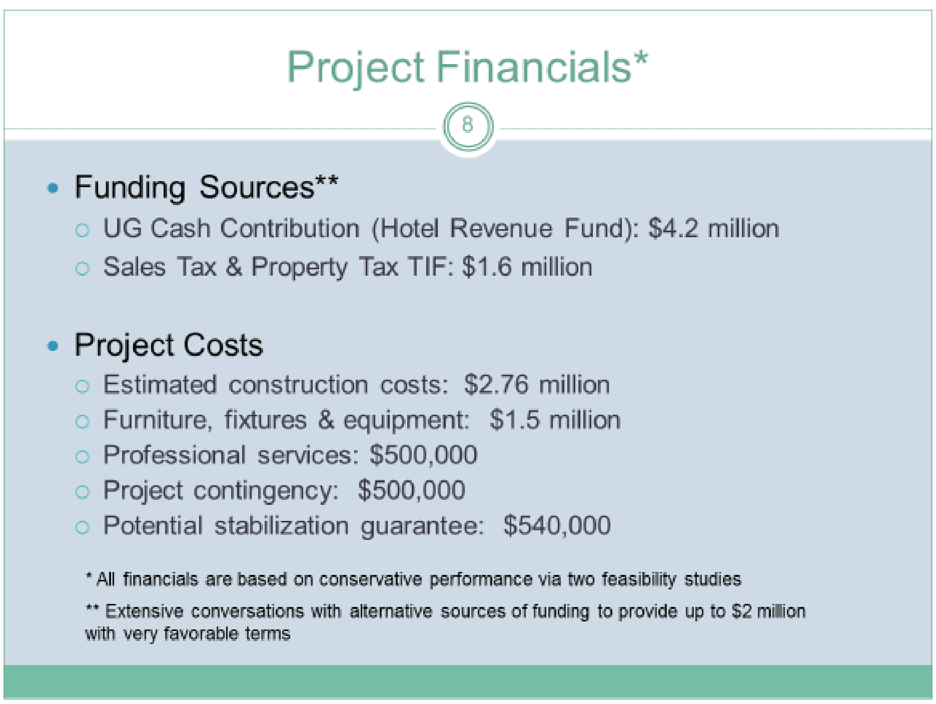
I also want to add that even though it is a cooperative, obviously there's a membership component here, but I think it bears repeating that they run circulars, they run online ads, they do door hangers, they go door-to-door. While being a member is obviously a desirable from them because they feel that those are people that at the $75 or even less, it's based on the ability to pay, it's a one-time, one share kind of purchase. That does not provide you any specific discounts at checkout or anything like that. The price points for customers that shop here are the price points for customers. There are a few special events occasionally and things for the members, but really by being a coop, the bigger focus there is it is a commitment from the community that this is their store. That's what they are committed to day in and day out.

The project is envisioned, as Katherine said, as a $6M all in project. That cost includes all construction costs, FF&E (fixed, fixtures and equipment) for the building operating, outfitting of all of that as well as a grand opening and stabilization fund which is somewhat standard and I believe we covered last time on July 9th.

The project is funded through a direct UG commitment from the Hotel Revenue Fund as well as a sales tax and property tax TIF that will be established on this area and would be used to recoup expenditures.

We did not pursue—in many other areas, we would pursue a CID overlay. That is an added fee or charge on top of other things; however, with this being a grocery store focused project in the downtown community, Kansas already is one of the few states that assesses a full sales tax load on food. We did not want to move forward. We heard from many commissioners and others that we did not want to layer a CID onto this to further burden the actual sale prices on this. We want it to be affordable and as affordable and as accessible to everyone in the community as possible so we did not use that as a funding mechanism to cause return on this project.

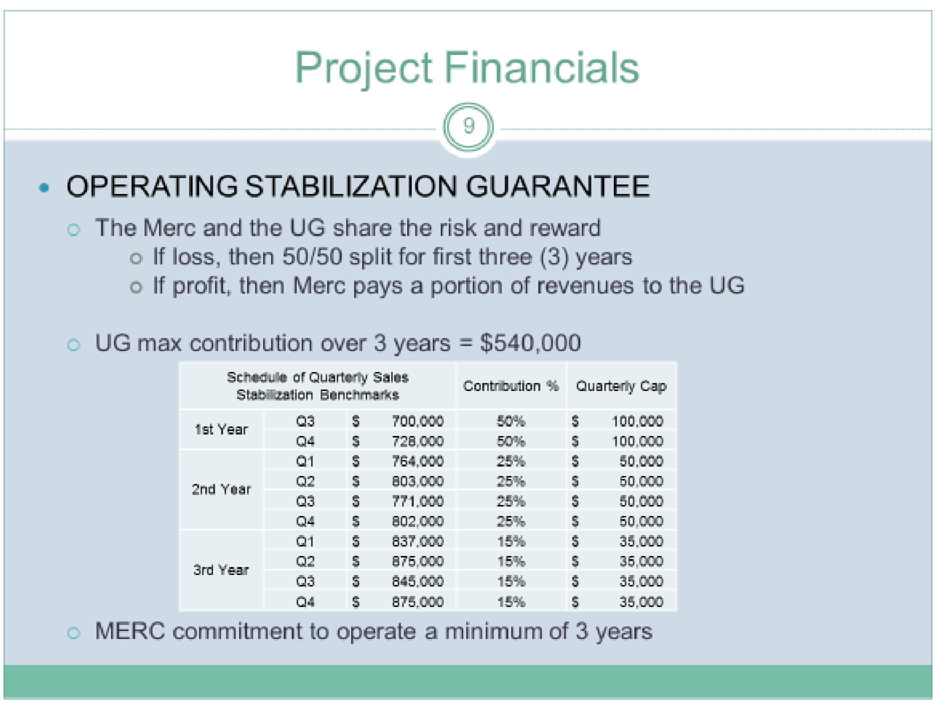
It is designed to provide for a long-term stable and successful grocery store, hence the stabilization fund. The project is designed so that the building can be sold to a private entity in the future and the revenue would be redeployed for future UG uses.



The funding sources, as we show, is approximately $4.2M is envisioned out of the Hotel Revenue Fund. $1.6M would be derived from collections from the sales tax and property tax TIF on this project area. The numbers are a little off because we're envisioning that obviously as up to $5.8, but we're shifting construction costs, interest rates and everything. We wanted to give us a little bit more play in the construction costs and the project contingency that are shown on the bottom line, but I wanted to keep those consistent from the earlier presentation.

Approximately $2.76M in construction costs, FF&E of $1.5M, professional services of $500,000, project contingency of $500,000 and then the stabilization guarantee, which would not be tapped unless they do not perform at their conservative quarterly projection of sales. I want to keep that in mind that that $540,000 does not—there is a $150,000 grand opening fee. The remainder of that is held by the UG and only goes out should the store significantly underperform. Once again, I said that's conservative.

Additionally, we've had pretty extensive conversations with alternative sources of funding. I won't name the organizations tonight, but they were in our office again today and they would provide zero interest, low cost, low rate of return loans and preengineering funds and grants that could provide funding for up to $2M of this total $6M which would lessen the burden on the Unified Government on the front end.



Schedule of Quarterly Sales Stabilization Benchmarks			Contribution %	Quarterly Cap
1st Year	Q3	$ 700,000	50%	$ 100,000
	Q4	$ 728,000	50%	$ 100,000
2nd Year	Q1	$ 764,000	25%	$ 50,000
	Q2	$ 803,000	25%	$ 50,000
	Q3	$ 771,000	25%	$ 50,000
	Q4	$ 802,000	25%	$ 50,000
3rd Year	Q1	$ 837,000	15%	$ 35,000
	Q2	$ 875,000	15%	$ 35,000
	Q3	$ 845,000	15%	$ 35,000
	Q4	$ 875,000	15%	$ 35,000

The operating stabilization guarantee, I think this is important since grocery stores have been looked at, considered and feasibility studies have been done. This grocery store alone has had two feasibility studies done. Based on that, we wanted to make sure that this was a long-term successful endeavor and that the grocery store that operates on this site is stocked, offers fresh fruits and vegetables and all of the other services that the community deserves. To do that, we did establish a three-year stabilization fund where you see the stabilization benchmarks. These are the stabilization funds of gross sales within the store.

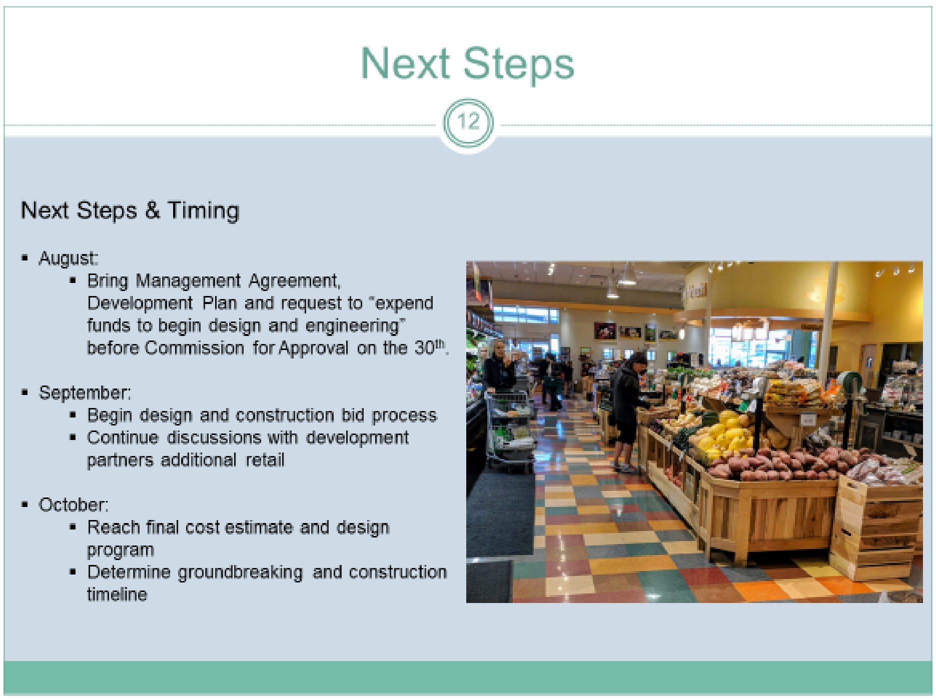
Quarter 3 of their first year of operation— in that quarter, if they generate $700,000 or more in sales in that quarter, they do not have access to a stabilization fund. If they underperform on that, dollar for dollar, we share 50% of the burden up to a quarterly cap of $100,000 in that third quarter. They share 50% of the burden, 50% of the risks and we provide a little bit of coverage on that. Additionally, it's not mentioned here or shown here, we also have put into the model that while we're not directly collecting rent on them, should they outperform these numbers which, as I mentioned, these are conservative even by the feasibility study estimates which only consider very conservative numbers within KCK. We did not look at any people coming across from downtown, Kansas City, Missouri, from the Rivermarket, or any other visitors. We also did not utilize the sales generated by KU Hospital being there. None of those numbers were factored into this conservative model. As we look at that, anything that goes above their stabilization benchmarks, they pay to the Unified Government 3½% of their gross quarterly sales. There is a reward for overperformance and a shared benefit for us to recoup the investment on the back end.

I think I probably already spoke to that on the last slide, but you can see some photos of the Merc in Lawrence. Their design in partnership with their design partners at AWG as well as our architectural partners that would be building and designing this project is to make the project every bit as high quality as their Lawrence store, and in some cases, make it a 2.0 version of that because they were in an existing building shell in this one where we will be building from scratch.

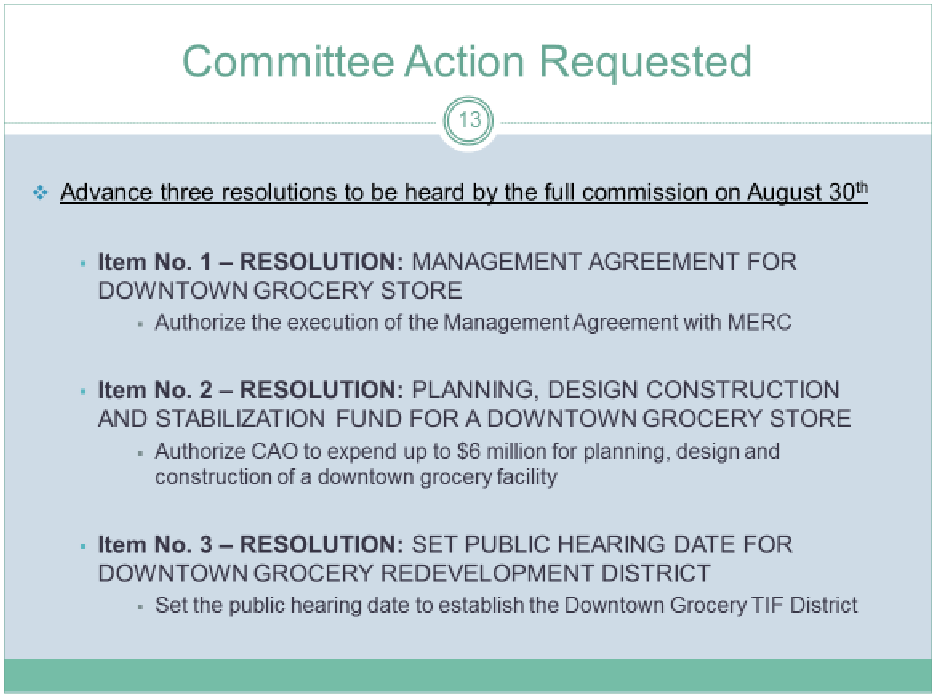
They unanimously approved the management agreement with their Board on August 6th. As I've mentioned previously, hours of operation, the services they will provide, the community benefits they will provide, the requirements to offer free courses in education on food, and the financial structure are all codified in this management agreement. We've also vetted the location and assembled all the cost projections. We'll be managing that directly, and we have the architects and engineers ready to go to work should the Commission approve this.

The other piece of this, you can see some of the bulk food items which are also of lower costs and high demand. This grocery project allows us to proceed with design and construction while also continuing to work with possible master developers for the remainder of that block. We continue to have multiple discussions with developers on multifamily mixed-use projects. As we have said multiple times what came out of the last months of discussion is we want to—the direction we heard loud and clear as staff is that this grocery store is priority number one, priority number two and priority number three. We do not want to delay with partnering with a developer and maybe having another 24 or 36 months of working through various things. We're designing this and master designing this where this grocery store would then be able to be a catalyst for additional development on this site and adjoining sites.

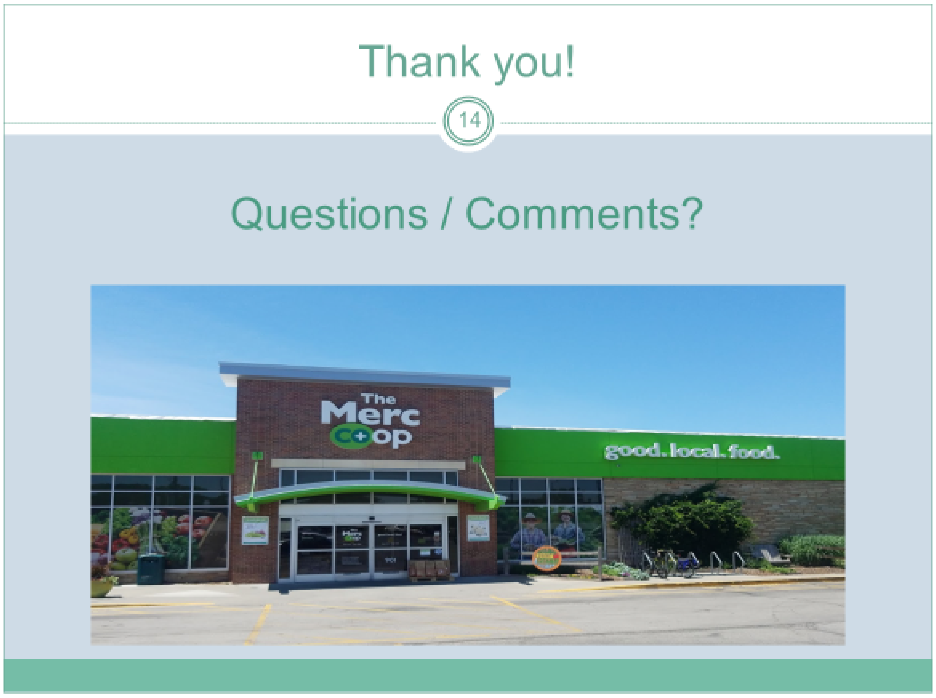
The project may include retail. We're working with neighborhood stakeholders to determine what other services are needed. Discussions have included the need for a pharmacy and the need for possibly relocating or doing alternate farmer's market to better highlight activities and entertainment and produce within the downtown.



Finally, the next steps are tonight, to bring this before you for consideration to move to the full Commission on August 30^{th}. In September, we would begin design, engineering, site testing and then also release bid pricing, an RFP for construction. We would continue to work with potential development partners for the rest of the site and partnerships on that site for development. We believe by October, probably late October at this point, we would reach final cost estimate and the design program and we would determine the timing for groundbreaking and a construction timeline.



With that, committee members, we would say these are the three resolutions that we would ask for your consideration tonight. I believe they need to be taken and approved individually, correct? Thank you.



Chairman Burroughs said thank you, Ms. Cartter and Mr. Stephens. That was quite the presentation.

BPU Board Member Bryant asked are there any plans for any changes to that filling station that sits on the corner. **Mr. Stephens** said at this point, no. That is not part of the project plan or parcel area. I think it's no surprise that we would like to look holistically at this block and what's beneficial for the entire area. We have had a lot of discussions about how we would approach that, but for this project, no. We would be focused simply on this parcel and this project.

BPU Board Member Bryant said the bank that's on the other corner. I noticed in that—**Mr. Stephens** said in the site. **BPU Board Member Bryant** said the earlier one, it looks like it's cutting into some of their property and it almost looks like we're going to put an access road in there. **Mr. Stephens** said no. The bank parcel is UMB Bank. That's all of that. There's two parcels that they own on the far western portion. They would not be impacted by this; however, I will say that they have expressed very directly to us that they want to be partners in determining the future outcome of that parcel and of the full development block and that they would be very open and willing partners to exploring a new bank facility on this block as part of a larger redevelopment.

BPU Board Member Bryant said with the changes, I heard you say the increase in parking spaces but there's a very large number of short-term parking for customers going to the BPU daily. **Mr. Stephens** said yes. **BPU Board Member Bryant** said I mean it's hundreds. What impact, if any, will there be on that availability of space? **Mr. Stephens** said at this point, based on the volume, plans and changes in conjunction with the grocery along 5th Street and 6th Street and some of the offset and relief of those sort of parking, before we even get to plan improvements on Minnesota Avenue directly across from the BPU and from the hotel, we have modeled that the western portion, basically you enter that parking lot and the majority of BPU customers will park closest to the BPU access point. We do not believe that that will—we believe that we are more than parked enough for the grocery and for BPU access without having any concerns related to being overparked.

BPU Board Member Bryant said there was mention of the TIF area. Will there be any possibility that would affect any of the billables from the BPU bill? **Mr. Stephens and Doug Bach, County Administrator,** said no. **BPU Board Member Bryant** said I just want to make sure. **Mr. Bach** said the lot, for the sales coming out of that. **Mr. Stephens** said it's only the block, its actually—I believe it encompasses five parcels total in this TIF area. **BPU Board Member Bryant** said thank you. **Mr. Bach** said BPU started to have retail sales may be coming out. **BPU Board Member Bryant** said I didn't know whether there would be anything built on the electric or anything from that. I just want to make sure that there's nothing else. **Mr. Bach** said it does not function that way. **Commissioner Murguia** said, Jon, your presentation was great, but on the phone and without the visuals, I have some questions for you and you might have answered these. I'm sorry to slow things down. My first question is, will the Unified Government be constructing this grocery store? Will they be in charge of developing this grocery store? **Mr. Stephens** said yes. At this point, we are envisioning managing the construction of the grocery store. **Commissioner Murguia** asked will the Unified Government own this grocery store after its constructed. **Mr. Stephens** said correct. The Unified Government will own the building and the base FF&E of the grocery store facility.

Commissioner Murguia said I believe you mentioned something about there is additional, empty retail space that you are building in addition to the grocery store. Is that accurate? **Mr. Stephens**

said only if the design allows for a small amount of warm white shell retail space, we would consider it at this point. We are focused solely on making square footage available for the grocery store and their needs. If the costs, design and planning will allow it and make it a natural addition, we've determined through our small business liaison and other interest downtown that if there are neighborhood benefits to having small, supportive retail, we would try to incorporate that into the facility.

Commissioner Murguia asked and when will you know that? **Mr. Stephens** said once we are able to move into design, planning, we have an RFP and a general contractor selected and we can get pricing based on that design so we can determine, as you and probably many other people in the industry know, construction costs has been rising and there's pressure in the marketplace on construction cost. We want to be conservative in this and deliver it on time and on budget. We would not make any determination on adding any space at all beyond the core grocery and delivering that until we had a really firm value engineering and cost estimate on it.

Commissioner Murguia asked will we vote on this tonight or any other night before we have that information. **Mr. Stephens** said no. The plan before you tonight would be to move this project forward and to start expending design, planning and engineering costs related to the core project with the possibility of having that square footage be available if it is available. We would happily give updates to the Commission or we can bring that back if that is a very distinct question of if the possibility of adding square footage for additional retail is a concern or a question, we would come back and update the Commission or the committee on that.

Commissioner Murguia asked would you build this additional retail space even if you did not have tenants available to fill it at the time of construction. **Mr. Stephens** said we would only plan to build it if we had either interested tenants, signed tenants or there was a very clear need that the grocery store is seeing that they believe they would attract a complimentary tenant or that they would need say 2,000 square feet of additional square footage as they moved in to their planning of this.

Commissioner Murguia asked and how would you determine what is the interest? **Mr. Stephens** said we would continue to look through our small business liaison who's reaching out to all of the businesses downtown and continue to track interested parties, available retail space and what rentable leasable space is either available or not available, and if we're turning away or there are interested retailers that complement the downtown that are simply unable to find space in the corridor that they would like, then we would consider that a workable lease project that we would consider probably a viable tenant.

Commissioner Murguia said right, but you're saying you could move forward with this just based on interest. My experience in development is that everybody's interested in new space, especially new retail space, and every small business entrepreneur out there would like to have brand new retail space. The reality is, until a letter of intent for a contract is signed, its simply just interest. In this case, you're not requiring anything else other than conversations about interest before you would build that additional retail space. **Mr. Stephens** said yes. I would say that we would probably want to be a little bit further down the road before we greenlighted that; however, we would look at the shell construction and the value and the costs of constructing that. If it were significantly less to construct that versus developing it in a phase II or a phase III, which we think it definitely would be, then we would want to move forward with that but only if there was truly interest and demand.

Commissioner Murguia said I hear what you're saying, Jon, but the question really is how do you gage true interest. That's always been in the history that I've been a commissioner for over a decade. I have never seen government be a developer and build a project. Somebody please correct me if I'm wrong where we built and own the project and where we—they found sensibly conversation or interest built it bigger hoping that people would rent that space. Have we ever done that ever? **Mr. Bach** said we've built projects and owned them and had the tenant come into them, but we knew who the tenants were that were coming into the space. **Commissioner Murguia** said so we've never built spec retail property. **Mr. Bach** said not that I'm aware of; however, I would say that the plan behind this project is one where he's talking a couple of thousand square feet of space, not talking about coming in and building another ten thousand or something like that.

Mr. Stephens said, Commissioner, as I opened with, we want to do this is in a conservative way and in a way that generates success for the community and a cause return for this project. If it would be beneficial to as we move down the road towards design, construction and pricing, if it appears as though there would be additional leasable square footage that is able to be designed into this project, I would be happy to commit to coming back in advance of moving forward with any additional leasable space to brief this committee or the full Commission.

Commissioner Murguia asked are there any standards set on the kind of retailer that government would be leasing to or not leasing to. **Mr. Stephens** said at this point there wouldn't be any standards other than we have said that we have some limitations related to the management agreement because we don't want to double service or harm the Merc as it relates to hindering performance of the Merc so we do have standards to that. I would say that we have set the expectation that it would have to be something that is significantly complimentary and beneficial to the community. Beyond that, no, we have not set hard and fast expectations on what those tenants would be.

Commissioner Murguia said okay. Thank you very much for the answers to my questions. I'll just close with a brief comment so that I can make sure that it's on the record. Personally, I am thrilled about the project in that we have worked for well over a decade to secure some type of grocery store and additional retail opportunities in downtown and no private developer has been interested in coming to do that and we've had lots of conversations. To me, it is exciting that if our government is truly committed to redeveloping our challenging urban neighborhoods and providing our residents with retail amenities that you can get in almost any other neighborhood in our community that has greater financial needs. I am excited about the risks that we're taking. I'm excited for downtown.

What I hope happens is that when other districts bring other projects forward that are of less risk and as much of a benefit in the way of retail amenities, I would hope that the Commission, our Mayor, our County Administrator and you, Jon, as our Economic Development Director, would be looking at these opportunities in the same fashion, and that all of these incentives that are being provided by government that we create a level playing field all over Wyandotte County, not just downtown, not just south of the river, not just in the northeast or in midtown, but in all areas of our urban communities and areas that have proven over many decades to be hard to develop. I really appreciate the presentation. I'm excited about the project. I am looking forward to moving forward and I am looking for many more projects to be coming forward that are going to offer amenities all over the county.

Commissioner Townsend said I'll start off where Commissioner Murguia left off with just how happy I am that this day has come that we're talking about not necessarily if, but particularly who. I knew that this was going to be a day that would come eventually so kudos to all the staff, the

Administrator who hung in there, Mr. Stephens, Economic Development, Finance people. This is great now that we're not talking about if, but who specifically. I'm just elated about that.

I did have a couple of particular questions. I do have the visuals there, but let me start with the core size just so I'm understanding. I saw 12,000 to 14,000 feet. Would that be the core amount that we could expect for the size of the Merc aside from the possibility that other retailers may or may not want to join in and become a part of that? Is that the minimum size we can expect for the core store? **Mr. Stephens** said yes, Commissioner. Great question. The 12,000 to 14,000 square feet is codified in the management agreement. That is the minimum. We target 14,000 square feet because that's their optimal store size, and we plan to deliver a 14,000 square foot full –service grocery store shell for them to occupy and operate in a first-class manner. That was what was agreed to; that is what we plan to deliver and that is what they agreed to operate in a full-service capacity. **Commissioner Townsend** said so at the current time, we're looking at the $6M cost relative to that core number, that $14,000. **Mr. Stephens** said correct.

Commissioner Townsend said with regard to the engineering and design, will the Merc or what input will the Merc have on that. Even though the UG owns the store, what input will the Merc have so that it's fashioned in a way that's suitable to their merchandising and the design that they use? I've seen the one at KU. **Mr. Stephens** said thank you, Commissioner. Another question that is an important one to clarify. We will be moving forward with our master architects that will design the shell. They will work in conjunction with the AWG Grocery and Retail Architecture Interior and Design Team. That is who the Merc utilizes. They're the best in the industry related to a fit, finish, design, flow of traffic, sales and all of the interior work.

We want to be a true partner. That is the way the entire relationship is going to work. We have advised the Merc and worked with the Merc at every turn to make sure that the partner they bring to the table from determining how best to design the interior of their store to be the most efficient, highest quality design, that that is incorporated and that we're hand in hand and sitting at the table with our selected architects to make sure that is designed. At the same time, then we work on the exterior design to make sure it is representative of the high quality design standards that we expect in downtown and that it represents the Merc well. **Commissioner Townsend** said okay, thank you.

Do you happen to know how many square feet the Merc location in Lawrence is? I visited there but I don't know and that would help me with a visual. Are we talking about a store that would be larger or smaller than their Lawrence location? **Mr. Stephens** said it's approximately the same square footage of their store. They've indicated they would make some changes because once again, they had to work with an existing shell in their Lawrence location. Here, we would be designing from the ground up, but generally it would be comparable to the store in Lawrence. **Commissioner Townsend** said great.

The second thing, I know that I heard some comments about you know the costs and the pricing. I was assuring my constituents, or those who happen to bring that to me, that the Merc is not going to come here and not realize and as you say, be a partner with the people in the community, so that the pricing and the products will be conducive to the neighborhood and consistent with what we have here in the neighborhood. I'm happy to hear that there have been meetings taking place already about the product line and the pricing.

Are any more of those meetings with the Merc and members of the community planned to your knowledge? Where are they being advertised so that if there's anyone else listening who wants to attend one of those meetings they may be able to do so? **Mr. Stephens** said sure. We will certainly advise that. The Merc planned to be here tonight. There was some travel delays from Lawrence. Their general manager and a couple of their leaders were unable to make it here tonight. I know that they will certainly be up here several times between now and August 30th. They also plan to be in attendance for any questions and answers on August 30th should these resolutions advance tonight.

They currently, I don't believe have any publicly announced sessions scheduled, but they have hired a community engagement professional and they are interested in doing more. I believe they started with some key neighborhood leaders because they wanted to limit it to—and Katherine was there so 10 or 15. **Ms. Cartter** said it was actually about 25 folks that ended up coming. Any future meetings they have started a Facebook page specifically for the KCK Merc as well as they are reaching out to all the different neighborhood leaders and neighborhood associations. It'll be on Next Door, a number of different other places. We'd be happy to push that out to all the commissioners so that they can put that out to their constituents as well.

Mr. Stephens said, Commissioner, I just wanted to add very quickly that as it relates to the Economic Development Department, our small business liaison and our team, we have taken a very holistic approach to this. Shaya Lockett, who is the Unified Government's Small Business

Liaison, also is working very diligently with the community as it relates to communicating these meetings, questions and answers and other things. Certainly, we are available and we have direct lines of communication with the Merc to make sure that community questions and feedback gets brought to them quickly.

Commissioner Townsend said upcoming meetings will be available on what, the UG website and on the Merc's website that has a subtitle for the Kansas City store. **Mr. Stephens** said yes. As we move forward, obviously the Merc is their own business, their own brand, so we would help make sure that their communications get into the community and across the entire community. Additionally, I would say we would certainly, from a Unified Government perspective, will work with our Public Affairs staff to make sure that key information is highlighted on our calendar and that we're continually updating the community through UG channels as we move forward. I would say that would start, after approval, that would start by September 1st.

Commissioner Townsend said one last thing, I believe. What is the provision for operation by the Merc after the three-year time period? Will you all sit back down at the table and assess where we are, the UG and the Merc? Is that the plan? **Mr. Stephens** said yes. Our goal, as I think has been a discussion not only with this grocery but with a lot of other retailers across Economic Development—very few retailers sign long-term leases of any facility anymore in anyway, shape or form.

We have structured this, as I mentioned, to have a limited shared stabilization side of this but then after that, to also have a benefit. We have the option codified in the management agreement of continuing to collect the 3.5% of revenue above and beyond the benchmarks or converting it to a traditional retail lease model or turning it over should we have the success that we hope in as far as larger master plan developments coming in on this and this being a catalyst project for the neighborhoods as well as for downtown. Should that happen, we would have the ability to transfer the ownership and work with the buyer of the building to make sure—and we keep back, in the management agreement, the ability to work with the Merc so we do not lose the Merc should we be very successful in growing downtown. Also, we have the ability to negotiate that to make sure they keep operating at a high quality. **Commissioner Townsend** said right.

One last thing about this and I am claiming success for this. Again, this is something that has been so desired for downtown and those in the northeast area who hopefully will be served by this store. I would think it might be a good thing. I don't know if it has to be formally incorporated into the management agreement but before things—if things are going well or they're going in the direction we don't want it to go, to have a sit down say on a what, at least an annual basis with the Merc so if there are problems that arise, we can deal with them as they arrive so that we have every possibility of this being a viable and successful venture. Just a thought. **Mr. Stephens** said I agree, Commissioner. If I may editorialize for a minute. I believe that's one of the great benefits of partnering with the Mercantile. They are local. They are in Lawrence and now they will have one location in KCK. They are on the ground. They are here. The managers, the staff will live here, work here, and be in the community on a daily basis. They will not be making decisions from some other city hundreds of miles away. They will be on the ground with us day-to-day.

If I may editorialize, I would say that is one of the great benefits of having this type of operator in our community because they truly are a neighborhood–focused operator that will make decisions. Obviously, there has to be a bottom line decision, but they're not in it to return large amounts of money to their shareholders. They're here to be a cooperative and to continue to operate in a high-quality manner and benefit the community. They've expressed that and since they were unable to be here tonight, I wanted to editorialize and add that. They have said that at every turn and we have seen that demonstrated by them at every turn.

Commissioner Townsend said I just wanted my comments by thanking the Merc for being willing to come in and partner on this project when there are others who were not as supportive and didn't want to take, I don't want to say the chance but bypassed an opportunity for a successful venture. I'll put it that way.

Again, I appreciate the efforts of all the staff, the Administrator's Office, Economic Development, people who are no longer even here with the UG who worked hard for this. I appreciate that and I'd like to make a motion to approve these submissions.

Chairman Burroughs said, Commissioner Townsend, I don't know that we're ready for a motion just yet. We still have a few more people that may want to speak to this, but I sincerely appreciate the motion. The way the agenda is divided up, it's three motions. I will go to Legal to see if there's a way to consolidate these into one motion so we don't have to take all three of these separately, but I'll look to Legal for some guidance on that. If you would be kind enough to hold your motion for just a few more minutes. **Commissioner Townsend** said whatever you think is appropriate. I've been waiting to make this motion a long time. We can hold it, but I can assure you, it's not going anywhere. **Chairman Burroughs** said I don't want to be the one to damper your motion and emotion on this one. **Commissioner Townsend** said you cannot. No problem. **Chairman Burroughs** said thank you for your patience with us.

I would just like to state in my short time here, it was mentioned the risk associated with the project. Actually, after the due diligence has been completed, I believe that we are at less risk here. The prudent thing to do was to walk through this process the way that we have. The fact that we're not adding an additional burden on the very substance that our community depends on, and that that's the food, that we're not putting an additional tax burden on them by creating a CID is commendable while I find it very onerous that we have the highest sales tax food in the nation.

It's always gratifying when we have people and businesses that want to share and partner in our community. I commend the Merc for that. To meet not only our needed resources, but requested resources. This is the beginning of that revitalization to address the food deserts. The thing about the Merc is the partnership with the urban farmers that we have all been lobbied in reference to the important significance of our urban farm community. I believe this is a marriage that was made in addition to the request that came forward.

The updates are welcomed. I believe, Jon, you said you would be willing to update the Commission. I would hope that—I plan on holding you to that. I think the Commission deserves to hear.

We have enough handicap parking to address those individuals that will have the need to park closely and have ADA mandates in place to meet all the requirements. **Mr. Stephens** said yes, sir. **Chairman Burroughs** said great thank you for that. I'm sure and congrats on the management agreement.

Kenny Wilk, University of Kansas Health System, said I'm proud to be here to speak on behalf of not just the health system but our Strawberry Hill Campus. Mr. Chairman, I've been around long enough to know that one should not stand in the way of a positive motion for the action with which you would desire here. I will be very quick.

I just wanted to share with each of you, on behalf of the University of Kansas Health System, our excitement about this development. Your staff has been outstanding to work with. We deeply appreciate that. They got us in touch with the Merc folks. We're visiting with them.

We have absolutely no reservations. They are going to be wonderful, wonderful neighbors. We look forward to the opportunities that this is going to present. On behalf of our future patients, our future staff and all that will be going on down there; we see this as a really, really nice marriage and look forward to watching this development grow into what it can be. **Chairman Burroughs** said thank you, Mr. Wilk.

Jason Norbury, Downtown Shareholders, 726 Armstrong, said I apologize, Commissioner Townsend. I will try to keep you a short of time. We just wanted to state our excitement as well. This is a tremendous potential development for downtown and it will provide, I think, another anchor on the east end of downtown and we're in favor. I wanted to say thanks to staff and the Commission for keeping on this project despite the hiccups that have come in the last months and getting us somewhere closer to a very positive resolution, so thank you.

Action: **Commissioner Townsend made a motion, seconded by Commissioner McKiernan, to approve.**

Chairman Burroughs said Commissioner and committee, just for clarification, Legal, can we combine all three of these resolutions as one? **Patrick Waters, Senior Attorney,** said no. I think we should do each one separately. **Chairman Burroughs** said if you would like, we will deal with Item 1. That's the management agreement for the downtown grocery store. I will entertain that motion for Item No. 1 only.

Action: **Commissioner Townsend made a motion, seconded by Commissioner McKiernan, to approve.** Roll call was taken and there were five "Ayes," Bryant, Murguia, Townsend, McKiernan, Burroughs.

Item No. 3 – 18352…RESOLUTION: PLANNING, DESIGN, CONSTRUCTION AND STABILIZATION FUND FOR A DOWNTOWN GROCERY STORE

Synopsis: A resolution authorizing the County Administrator to enter into contracts for the planning, design, construction and stabilization reserve fund for a downtown grocery store, in an amount up to $6M, submitted by Jon Stephens, Economic Development Director.

Action: **Commissioner Townsend made a motion, seconded by Commissioner McKiernan, to approve.** Roll call was taken and there were five "Ayes," Bryant, Murguia, Townsend, McKiernan, Burroughs.

Item No. 4 – 18353…RESOLUTION: SET PUBLIC HEARING DATE FOR DOWNTOWN GROCERY REDEVELOPMENT DISTRICT (TIF)

Synopsis: A resolution setting a public hearing date of October 11, 2018, to consider the creation of a Downtown Grocery Redevelopment District located between 5th and 6th Street, Minnesota Avenue and Armstrong Avenue, submitted by Jon Stephens, Economic Development Director.

Action: **Commissioner Townsend made a motion, seconded by Commissioner McKiernan, to approve.** Roll call was taken and there were five "Ayes," Bryant, Murguia, Townsend, McKiernan, Burroughs.

Chairman Burroughs said I want to commend staff and I want to commend the public for their interest in the persuasion in pushing forward a relationship that we have with a partner that wants to be part of Wyandotte County. I commend your hard diligence and I look forward to being a customer of the new Merc. I want to thank our community partners for stepping up and speaking in favor of the development. In full disclosure, Mr. Wilk and I have worked on economic development in the past. He was my chairman, so thank you for being here tonight, Mr. Wilk.

Public Agenda:

Item No. 1 – 18355… APPEARANCE: MYRA ATKINSON REGARDING INTEREST ON DEMOLITION LIEN

Synopsis: Appearance of Myra Atkinson, on behalf of Mount Carmel Missionary Baptist Church, requesting exemption of interest owed on a demolition lien levied against 3840 Lloyd Avenue.

8/20 Ed+F 5:15

TOTAL TAXES ON PARCEL
TAXLT031

Date - Time:
8/7/2018 - 11:30:48AM

Parcel Description
Tax Unit: 430 Parcel #: 132627 CAMA #: 068.34.0.10.03.015.00.0.01 Tax Year From: 2002 Tax Year To: 2017
Address: 3840 LLOYD ST - KANSAS CITY, KS - 66103-2827
Statement #: 47176
Summary of Taxes Due as of 8/9/2018

NameID	Name 1	Name 2	Name Type
MTCA00004	MT CARMEL BAPTIST CHURCH		Owner

Summary of Taxes Due

	1st Half Taxes	2nd Half Taxes	Total Taxes Due	Penalty 1st Half	Penalty 2nd Half	Fees	Total Amount Due
Tax Amount:	82.89	42.30	125.19	2,392.98	2,303.16	16.00	8,779.33

Tax Year	Statement #	1st Half Taxes	2nd Half Taxes	Total Taxes Due	Penalty 1st Half	Penalty 2nd Half	Fees	Total Amount Due
2017	47176	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2016	47194	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2015	67082	6.36	0.00	6.36	0.01	0.00	0.00	6.37
2014	67346	6.20	0.00	6.20	0.01	0.00	0.00	6.21
2013	53456	6.62	0.00	6.62	0.01	0.00	0.00	6.63
2012	53897	6.66	0.00	6.66	0.01	0.00	0.00	6.67
2011	54306	6.66	0.00	6.66	0.01	0.00	0.00	6.67
2010	56735	8.06	0.00	8.06	0.01	0.00	0.00	8.07
2009	69264	6.92	6.92	13.84	0.01	0.01	0.00	13.86
2008	224040	6.42	6.41	12.83	0.01	0.01	0.00	12.85
2007	224071	6.54	6.53	13.07	0.01	0.01	0.00	13.09
2006	224238	6.66	6.65	13.31	0.01	0.01	0.00	13.33
2005	224593	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2004	225570	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2003	225676	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2002	225822	15.79	15.79	31.58	19.04	18.33	16.00	84.95
2002	225822	1,971.00	1,971.00	3,942.00	2,373.84	2,284.79	0.00	8,600.63

Penalties w/demo = $4,658.63

Page 1 of 1

Myra Atkinson, Mount Carmel Missionary Baptist Church Trustee, asked I just want to know, can the Unified Government waive the interest on our taxes. We had a house that was demoed in 2002. The taxes went 2002 – 2005 and I wasn't a trustee there and all of those people are dead. We just caught it this year. We didn't know; it was just an honest mistake. We were paying the taxes on the land, but I never knew 2002, 2003, 2004 and 2005 that the church was behind because none of those trustees or deacons are still alive. That's where we are. The demo was like $3,942 and the interest is like $4,622.48. We're a small church in the Rosedale area. We're willing to pay the demo, but that interest is kind of hard on the church.

Commissioner McKiernan said let me just make sure that I understand. A property was demolished on this parcel in 2002. The demolition costs were due and payable, but for whatever reason, weren't paid at that time. Now the church has been paying each succeeding years' taxes in full because I don't see anything else here that's due and payable. You've been paying everything else in full and you're saying you, who are a representative of the church today, didn't even know that there was a lien for the demolition dating back to 2002; and you thought, based on the tax bill you're getting every year, that you are up-to-date? **Ms. Atkinson** said right. That's what I assumed, right. **Chairman Burroughs** asked is anybody here from staff from the Land Bank or anything like that that might be able to answer a question. Mr. Slaughter, I thank you for being here and sticking around. The question I have, and I want to make sure I understand the request, the request is to forgive the penalties and interest on a lien brought about by a demolition of a building that was next to the church. If I'm hearing correctly, there were taxes paid on that property. If there's taxes paid on the property, how does the church own the property? I'm just trying to—most faith-based organizations have a tax exemption, so I'm trying to make sure I understand the request here to be able to guide for a resolution.

Chris Slaughter, Land Bank Manager, said Commissioner, I don't have a lot of the information in front of me. If they purchased the property after the demo had taken place, those taxes stay with the property. They don't go with the previous owner. The church could have possibly purchased the property with the lien on there and just not been aware of it. I also don't work for the Treasury so I don't know why it wouldn't have been reflective on each year's tax bill that this was outstanding on there too. They've obviously demonstrated that they're paying the property taxes for the land only. The tax for the land, from the last time I looked at it, looks like it has been paid. The only thing that's still outstanding is the demo cost itself, penalties and interest on those demo costs.

Commissioner McKiernan said so they continue to pay taxes on the land. **Mr. Slaughter** said correct. **Commissioner McKiernan** said even though they are a not-for-profit organization. **Mr. Slaughter** said correct. I'm not an expert on that, but I believe there's paperwork that they would have to file to keep that status. I'm not sure if they've done that or not. **Ms. Atkinson** said yes, we've done that, Chris. Yes, we've done that. We've done that. **Mr. Slaughter** said then they may not—**Ms. Atkinson** said we've still been paying the taxes on the land and the church is a 501(c)(3). We asked the Unified Government could they refund some of the money and they said no.

Chairman Burroughs said that's a question I have is to why you're having to pay taxes on property that is owned by the church. Just for my sake of confusion, I need to propose to staff to get some direction as to getting some information that we might have so we can be prudent in our decision–making. I want to make sure we make the right decision.

Doug Bach, County Administrator, said on the tax issue, Commissioner, it's really what is the use. As the church or Unified Government, we're tax exempt unless you're using it for the core purpose of what that is. If we're using it for public purpose, if I'm referring to the Unified Government, then it's tax exempt. Where we own property that is development, a lot of the property that we acquired out around say the Woodlands area and we took some of that, we pay taxes on that every year and we still do. It's the same thing for any religious organization. They may be a 501(c)(3). A school can be in the same boat. Until they convert the use or show that the use is part of their core purpose of what they have with their mission, they are not just given. They have to apply for the exemption. Its evaluated, I believe, by the Board of Tax Appeals. They will look at it and they can grant it. It's typically not done for reverse years. It's done going forward.

We've had that issue with, well from the ownership of what we've had with the T-Bones; our ownership with the Providence Amphitheatre. Depending on the structure of the management agreement like the T-Bones is one we changed and now we're tax exempt because we moved into a different structure but prior years we paid taxes on that and that's where the church is now until they receive their—unless they've already received their exemption, that's the status they'd be under.

Chairman Burroughs asked, Ms. Atkinson, have you filed for the exemption. **Ms. Atkinson** said yes, the church. We filed for the exemption and they told us that the church already had one and that's what they said. The church already had one. Remember, I became a trustee around 2011. They said the church already had one. The house, there used to be a house that sat at 3840 Lloyd. They donated it to the church. **Chairman Burroughs** said and with that donation, the church accepted the responsibilities associated to what we're dealing with this evening.

The question I would have is I noticed that total taxes due for 2016 and 2017 are $0. Total taxes due in 2003, 2004 and 2005 are $0; but from 2006 on, there were taxes due to 2015. So, I'm a little confused. If you had an exemption, did it expire or did—I'm just a little confused. I don't have the information to accurately reflect the request. I want to make sure that we're talking about the lien and the demolition and not delinquent taxes. I think in all fairness to your institution and to the Unified Government and staff, I want a clear delineation of the two and that's what I'm striving for here. I would ask staff to get some additional information so that we can move forward and make the decision necessary.

Commissioner Murguia said I agree with your comments wholeheartedly. I'm not there. Again, that is a distinct disadvantage and this is in my district. I would recommend that we send this issue back to staff, have them review it and bring it back to our next meeting. I can just tell you it is my understanding, I would reiterate what Administrator Bach said, that though a church may have an exemption, once that church is no longer being used as a church or in this case has been demolished, it's no longer eligible for tax exemption.

In the little bit of development I have done, once the Unified Government spends tax dollars to demolish a building because of whatever reason, an unfit structure, or whatever their logic is, that the Unified Government has to demolish it and pay for it. They charge interest on that regardless if the property tax is being paid or not. That would be a separate issue. I'm clearly no expert, so with limited amount of information, I'd like an opinion from our Legal Department.

I would lead with this, if this church is paying its taxes and is willing to pay for the demolition of the church given the church's situation, I would like to see what possibilities there are of removing the interest from that as long as the church is willing to continue to pay for the work that the Unified Government had to pay for.

Chairman Burroughs said if I understand your comment, Commissioner, just for clarification, that in light of what lack of evidence we have or lack of information, you want to send this issue back to staff, Legal, and have them determine the action necessary. You also want to forgive the interest associated that set a fee for the penalty phase because that's the only thing that's left. **Commissioner Murguia** said yes. I think what I'm trying to say is before we make any other recommendation, we need to know exactly what the situation was with the church, when the exemption was established. There are Kansas State statutory guidelines that outlay when a property is no longer tax exempt. I know this process because I've been through it multiple times myself because I, myself, run a 501(c)(3). Just because you're not-for-profit doesn't necessarily mean that all the property that you own is property tax exempt. It depends on the use, as Administrator Bach has said.

Let's put it like this, I could make a lot of assumptions, I don't want to make on the fly in this meeting. I think it'd be better if we return this back to Legal, have them decipher between what is property tax and if that's been paid, and what has been spent on demolition and where the interest is being applied. I think we need that information before any kind of decision can be made. **Chairman Burroughs** said thank you, Commissioner Murguia. That is a clear direction that you've provided the committee.

Ms. Atkinson, may I ask you a question in reference to why now with the property? **Ms. Atkinson** said why now. **Chairman Burroughs** said why now after an excess of 15 years. Why now—**Ms. Atkinson** said we use that land for vacation bible school, Sunday school picnics and clothing giveaways. The reason why I'm here is because one of the neighbors in the area is the one who came and told us that we were behind in our taxes. I couldn't believe that we were behind in our taxes because I'm the one who writes the checks to the Unified Government. I didn't realize it when she said in 2002. Like I said, I wasn't a trustee in 2002. None of us that are trustees now; we all are new. The rest of them are dead.

We didn't know that someone donated a house to the church until I came up here and got into it and they said they donated the house December 11, 2002, and the demo cost $3,942 and the interest was $4,622.48 and they said that we owed $8,000.

Chairman Burroughs said if I understand correctly, the church is stepping forward asking us or requesting that we forgive the penalties and interest and just charge the amount associated to the lien only. **Ms. Atkinson** said yes, to the demo. Yes. **Chairman Burroughs** said that would be a one lump sum payment, I'm assuming. **Ms. Atkinson** said yes.

Chairman Burroughs said we've had direction by the committee to direct Legal. **Patrick Waters, Senior Attorney,** said I think the handout that I gave to you sets out the different costs. I think we know tonight the amount of the demolition cost, which as she indicated, is $3,942. That is the amount that she is requesting that we hold her to. The fees and penalties associated with the demolition are $4,658.63. I believe that is what she is requesting be waived. The Commission can do that. It would take an ordinance of the full Commission to do that. **Chairman Burroughs** said an ordinance of the full Commission. It's my anticipation to entertain a motion to forward this to the full Commission with any requests that's been made. There's been requests made by the committee to get additional information before that decision can be made this evening.

Commissioner Murguia said on issues like this, just for future reference also, this is in my district. This is the first time other than on the agenda that I've heard about this situation. I think sometimes when situations like this are a little bit confusing and people don't necessarily understand regulations, bills and how we bill and how we operate when we demo buildings, I think what would be helpful and speed things along is if staff would brief the commissioner for that district. That person could sort of lead the charge on what seems to be appropriate for what's going on. Sometimes it's difficult to brief an entire Commission on all of the details. I'm in favor of that as well, it's just I'm a little disappointed that this being my district, that I haven't heard anything from our staff in regards to this and it hasn't been explained to me. I don't know what else to say to that except that hopefully, somebody can meet with me and explain to me the details of this and what happened and I can get something from staff that they will get from the church that says what they're wanting to do and I can take a close look at that.

Mr. Bach said, Commissioner, just to clarify the direction, you want us to bring back an ordinance next month that spells out the agreement that says the church will continue to pay their taxes and they'll relieve the back taxes but we'll take care of any interest and penalties that were assessed in association with the demolition. **Commissioner Murguia** said it sounds like based on the information I have right now, Mr. Bach, it sounds like that's the direction I would like to go. I'm in agreement with what the church is requesting based on the limited information I have. What I don't want to do is not be there and not understand all of the details and not set a precedence for this for future situations when they may not be the same circumstances. Yes, as long as that church is paying their taxes and as long as they're willing to pay for the money that the Unified Government paid for the demolition. Yes, at this point based on the limited information I have I would be in favor of removing those fines, fees or interest that was associated with the demolition. It does sound very genuine that there was some miscommunication.

I just know that smaller churches, smaller not-for-profits sometimes struggle with capacity and understanding all the information that they may or may not be getting from the Unified Government. I just kind of want to see where the problem started and what happened before I make that final decision. If I could be briefed and if the Commission is okay with that, then I would absolutely be in favor of bringing forward an ordinance to the next meeting to alleviate that burden on that church.

Chairman Burroughs said thank you, Commissioner Murguia. Ms. Atkinson, I just want to commend you for bringing this issue forward and resolving this issue. I commend the church for bringing it not only to your attention but to our attention also. I thank you for the information. Thank you for being here this evening. I believe we will hold this issue over until we get additional information.

Action: Item deferred as staff looks into the request further and asked to report back next month.

Adjourn

Chairman Burroughs adjourned the meeting at 6:48 p.m.

tpl

Staff Request for Commission Action

Tracking No. 18434

Full Commission Meeting Date: NA
Committee: Economic Development & Finance

Date of Standing Committee Action: 10/1/18 (If none, please explain):

Publication Required: No

Date:	Contact Name:	Contact Phone:	Contact Email:	Department/Division:
09/20/2018	Jon Stephens	x5749	Jon	Economic Development

Item Description:

This Redevelopment Plan contemplates the redevelopment of approximately 3 acres located generally at the southeast corner of S. 21st Street and Metropolitan Avenue in Kansas City, Kansas. The redevelopment project contemplates: (i) acquisition of property; (ii) grading, site work and infrastructure improvements to bringing the project area into a pad-ready condition; and, (iii) the construction of an approximately 4,000 square foot combined Wendy's and Pizza Hut fast food restaurant.

The total estimated cost of the Project is approximately $1,967,600.

Negotiations on the Development Agreement between the Unified Government and the Developer are ongoing, however staff wanted to provide an update on the status of this project.

OUTSTANDING ISSUES
1. Public Financing Cap: The UG is requiring a cap on the TIF financing that is equal to the requested TIF funds, which is standard practice for TIF projects. The Developer has removed the public financing cap, which could result in (i) the Project being 100% paid-for by TIF incentives (in addition to the $400,000 UG Contribution and $600,000 federal grant); or, (ii) the potential for public financing to provide additional proceeds beyond the $1.96 million project cost.

This is not required to meet the cash flows necessary for the project, thus staff has rejected the Developer request to remove the Cap on the amount of TIF dollars.

2. Sales Tax Rebates Instead of TIF: Developer proposes a sales tax rebate accomplished via home rule instead of using the TIF statute. This would lead to (i) excessive administrative obligations for the 20-year life of agreement; and, (ii) the need for an outside legal opinion.

3. Standard MBE/LBE/WBE Goals: Developer has not agreed to the Unified Government's standard MBE/LBE/WBE goals

Action Requested:

Budget Impact: (if applicable)
Amount:
Source:
Included In Budget:
Other (explain):

Attachments List: